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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 13, 2001

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

Ex Parte: In the matter of  
revising rules governing service  
standards for local exchange  
telephone companies

CASE NO. PUC970146

ORDER CLOSING CASE

By Order of June 10, 1993, the State Corporation Commission ("Commission") adopted Regulations Governing Service Standards for Local Exchange Telephone Companies (20 VAC 5-400-80).

After the enactment of the Telecommunications Act of 1996, 47 U.S.C. § 251 et seq., the Commission's Staff ("Staff") reviewed these service rules to reflect anticipated changes in the local service marketplace. On September 17, 1997, the Commission entered an Order establishing a rulemaking proceeding and inviting comments on the Staff's proposed revised rules. Comments were received from numerous parties.

Since these comments were received, the competitive environment in the telecommunications marketplace has changed. To date, the Commission has certificated more than 200 telephone companies to provide local exchange telecommunications services in the Commonwealth. While these new entrants have collectively

captured less than 5% of the local exchange market, this initial development of local exchange competition is significant.

It is also important to recognize the transitional nature of local competition. The incumbent local exchange telephone companies still provide much of the underlying network infrastructure used by reseller and unbundled network element-based competitors. Until there are separate networks providing local exchange alternatives, we should consider that service quality standards may need to be transitional as the shape of competition continues to evolve.

In addition, the Commission needs to take a fresh look at whether the emergence of local competition has changed customer expectations. Most service standards, including those currently in place in Virginia, rely on customer satisfaction models that pre-date competition. Moreover, the standards do not take into account the many technological changes that have occurred.

We believe that, given the Commission's role in ensuring satisfactory service in the Commonwealth, the creation of a new set of rules governing retail service standards is warranted. Wholesale service standards are currently being addressed in Case No. PUC000026.

Therefore, since the current proposed rules in this case are dated and may not address new issues raised by competition, we find that this case should be closed without prejudice. By

this Order, we direct the Staff to prepare new rules governing retail service standards, taking into consideration the competitive environment and the differences between incumbent local exchange carriers and competitive local exchange carriers. In preparing these new rules, the Staff should also consider standards to measure customer satisfaction. We will establish a new docket to consider adopting the new rules.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations governing service standards for local exchange companies located at Volume 14 of Issue 2 of the Virginia Register of Regulations be withdrawn.

(2) This case be, and hereby is, dismissed from the Commission's docket of active cases.